

Coins

Copperless penny in our future?

By Roger Boye

THE LOWLY LINCOLN cent will probably undergo major changes in the next few years because of rising copper prices and coin production costs.

Presently, government researchers are testing a plated-steel cent that is an improved version of the steel pennies used in 1943. Other metal combinations that would replace the cent's current copper-zinc alloy are also being considered.

"About the only thing that we're sure of is that it (a new cent) won't be aluminum," mint director Stella B. Hackel told a Coin World correspondent. An aluminum test cent produced by the mint in 1974 was strongly criticized.

So far this year the mint has spent about .9 of a cent to produce each penny using an alloy containing 95 per cent copper and 5 per cent zinc. However, if the price of copper goes above \$1.25 a pound from the

current level of about \$1 a pound, the mint's metal and production costs would exceed the face value of the coin.

And if copper prices reach \$1.54 a pound, the metal in a Lincoln cent would be worth more than the coin's face value, prompting widespread hoarding and a nationwide penny shortage.

In 1976, a private research company suggested that the government abolish the cent because the mint's cost of producing 100 copper pennies would eventually be more than \$1. With the fast-rising copper prices in recent weeks, some observers believe the critical "break-even point" might come as early as next year.

But the Carter administration has rejected as "too inflationary" proposals that the cent be eliminated and prices be rounded off to the nearest nickel. Instead, a change in the cent's metal content seems inevitable.